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THE SENATE OF CANADA



REPORT

OF THE

SPECIAL COMMITTEE

ON

THE CIVIL SERVICE

The Honourable F. L. BEIQUE, K.C., Chairman.

Printed by Order of Parliament

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THE SENATE OF CANADA

SPECIAL COMMITTEE ON THE CIVIL SERVICE

ORDER OF REFERENCE

Extract from the Minutes of Proceedings of the Senate of Canada, March 4, 1924

"On motion of the Honourable Mr. Dandurand, it was

Ordered, That a Special Committee of this House be appointed to inquire into and to report from time to time upon—

- (a) The efficiency of the Civil Service;
- (b) The number of persons employed in each branch of the several departments of the Civil Service, and the places where they are so employed;
- (c) The possibility of reducing such number so as to effect economy without impairment of efficiency;
- (d) Generally, all questions, matters and things arising out of or incidental to the foregoing.

MEMBERS OF THE COMMITTEE

The Honourable F. L. Beique, K.C., Chairman.

The Honourable Messieurs: N. A. Belcourt, K.C., W. H. Bennett, F. B. Black, G. H. Bradbury, J. A. Calder, P.C., R. Dandurand, P.C., Sir George Foster, G.C.M.G., A. C. Hardy, D. O. L'Esperance, A. B. McCoig, F. F. Pardee, G. D. Robertson, P.C., J. H. Ross, W. B. Ross, K.C., O. Turgeon, R. Watson, Smeaton White.

APPOINTMENT OF CHAIRMAN

Extract from the Minutes of Proceedings of the Committee, March 6, 1924

"On motion of the Honourable Mr. Dandurand, Seconded by the Hon. Mr. Watson, The Hon. Mr. Beique was elected Chairman."

REPORT OF THE COMMISSIONER OF THE GENERAL LAND OFFICE

CHAPTER I. GENERAL STATEMENT

The General Land Office was organized on the 1st of January, 1857, by the passage of an act of the Legislature, which provided for the appointment of a Commissioner, and the establishment of an office for the management of the public lands. The first Commissioner was John S. Bell, who held the office until the 1st of January, 1860, when he was succeeded by John S. Bell, Jr. The office has since that time been managed by a series of Commissioners, who have been appointed by the Legislature. The office has been organized in accordance with the provisions of the act, and has since that time been engaged in the management of the public lands. The office has been organized in accordance with the provisions of the act, and has since that time been engaged in the management of the public lands.

CHAPTER II. LANDS BELONGING TO THE STATE

The lands belonging to the State are divided into two classes, namely, lands which have been reserved for the use of the State, and lands which have been reserved for the use of the State. The lands which have been reserved for the use of the State are divided into two classes, namely, lands which have been reserved for the use of the State, and lands which have been reserved for the use of the State. The lands which have been reserved for the use of the State are divided into two classes, namely, lands which have been reserved for the use of the State, and lands which have been reserved for the use of the State.

CHAPTER III. LANDS BELONGING TO THE UNITED STATES

The lands belonging to the United States are divided into two classes, namely, lands which have been reserved for the use of the United States, and lands which have been reserved for the use of the United States. The lands which have been reserved for the use of the United States are divided into two classes, namely, lands which have been reserved for the use of the United States, and lands which have been reserved for the use of the United States.

REPORT

COMMITTEE ROOM No. 262,

WEDNESDAY, July 16, 1924.

The Special Committee appointed to inquire into the efficiency of the Civil Service; the number of persons employed therein, and the possibility of reducing such service so as to effect economy, etc., beg leave to make their Third Report as follows:—

1. Having first obtained from the Civil Service Commission its views as per annexed memorandum, on the possibilities of reorganization of Government departments as at present constituted, your Committee addressed to the deputy head of each department a letter, copy of which is to be found in the appendix hereto, containing a summary of the Commission's recommendations, and also of criticisms which have appeared in the press.

2. In their answers to this letter Deputy Ministers endorse several of the proposals made by the Civil Service Commission but disagree on other points more particularly that relating to consolidation of services. Deputy heads are not generally in accord with any scheme of reorganization having as its object the elimination of departmental branches and reduction of staff.

3. Your Committee held eleven meetings and examined the Chairman and Secretary of the Civil Service Commission as well as the deputy heads of several of the departments. A summary of the evidence of the deputies will be found in the appendix to this report.

4. On the question of staff control there is a considerable divergence of opinion; for example, the Deputy Minister of Trade and Commerce states that existing conditions are satisfactory, the Deputy Minister of the Interior finds fault with the present system and is convinced that staff matters should be exclusively in the hands of the departmental head, while the Deputy Minister of Agriculture can "hardly see how it would be possible to give Deputy Ministers more control over their staffs than they have at present." The objection of Deputy Ministers to any control by the Civil Service Commission is, of course, readily understandable, but, as pointed out by the Superintendent of Insurance, it is essential to have a co-ordinating body to ensure that the scale of classification is the same for all departments, otherwise there would be no common standard for service.

5. Some of the Deputy Ministers admitted in effect that throughout the service there was little or no desire upon the part of deputy heads and the heads of branches to co-operate with the Civil Service Commission or otherwise with a view to staff reductions. It was suggested that this was contrary to human nature, that every department was jealous of its importance, the number of its branches and the size of its staff. It would appear therefore that in some sections of the service at least there is a strong tendency upon the part of deputy heads and their chief officials not only to fight for the continuation of existing branches and staffs but to advance every plausible argument for increasing same. The reason for this is quite apparent. Throughout the service there is a feeling amongst many of the higher officials that their standing and salaries depend to a very large extent upon their success in spreading out the work of their departments, multiplying branches and increasing the number of employees. It was frankly admitted that the deputy heads who attempted to pursue any other course would become very unpopular.

6. All are unanimous that housing conditions are not satisfactory, an opinion in which your Committee fully concurs. Departments are scattered throughout Ottawa; in some cases, branches of the same department are widely separated; and the amount paid annually in rentals represents the interest on a capital sum which, if applied to the construction of suitable buildings, would go very far towards providing adequate and suitable accommodation.

7. The latest figures available (May, 1924) show that the Government is now leasing forty-six buildings, with a total floorspace of 955,750 square feet (about 711,000 square feet of which are occupied for office purposes) at a rental of \$592,596. In 1900, eleven buildings only were leased; by 1921 the number had grown to seventy-three; last year it was fifty-one. Many of these premises having been designed for other uses, are quite unfit for offices, and the large number of small buildings has necessitated the employment of many more clerks than would be required under more efficient conditions.

8. From time to time, the Government has acquired land for building purposes, and now owns all the land north of Wellington and Rideau streets and west of Sussex street, bordering the river from the old Perley Home property at the extreme west of the Royal Mint at the extreme north, with the exception of the Chateau Laurier.

9. The Department of Public Works has already prepared plans for three new buildings, so that any programme of construction sanctioned by the Government can be undertaken at any time, but the amount of office space now rented represents the equivalent of five times the size of the Hunter building, or ten times that of the East Block.

10. With regard to the Civil Service itself, your Committee, after careful consideration of the evidence submitted, is satisfied that the departments generally are over-manned; that there is considerable duplication and overlapping of functions and activities, both as between departments and branches; and that a very large amount of public money would be saved by proper reorganization, accompanied by the construction of new government-owned buildings, without which such reorganization would of necessity be only partial and inadequate.

11. The following statement shows the number of Civil Service employees and pay-roll (exclusive of rural postmasters) as compared with 1913-14:—

FISCAL YEARS

1913-14		1919-20		1920-21		1923-24	
Number	Pay-roll	Number	Pay-roll	Number	Pay-roll	Number	Pay-roll
29,135	\$ 24,341,188 00	50,307	\$ 52,459,614 00	41,641	\$ 53,266,627 00	42,238	\$ 48,206,527 00

12. In his evidence, the Chairman of the Civil Service Commission made it plain that in reorganizing a department, the best results could be obtained only with the co-operation of the deputy head and senior departmental officers. Your Committee feels that those charged with reorganization, are entitled, in the public interest, to the fullest measure of co-operation and active assistance from all concerned.

13. In spite of statements to the contrary, which for reasons already given, cannot be regarded as unbiased, your Committee is of the opinion that consolidation, as for example in the engineering, purchasing and accounting services, can to some extent, at any rate, be effected with advantage. In connection with the last two items, the opinion of one Deputy Minister is quoted:—

“*Purchasing:* Certainly the establishment of a joint purchasing organization for the use of all departments would not mean any additional expense but would accomplish an immediate reduction.”

"Audit: I have long been impressed with the necessity of pre-audit of all expenditure. To my mind this auditing should be under the control of the Auditor General or outside the various departments. I would look on such a step as not only an additional protection to the Government and to those responsible for the administration of the departments, but as one reducing later arguments and adjustments to the minimum. This audit should not only involve the question of correctness as to detail in the drawing up of cheques, etc., but validity of authority for payment."

14. The main causes of the overmanning of the service appear to have been:—

(1) The indiscriminate appointment, prior to the passing of the present Civil Service Act, of persons whose services were not necessary. For this abuse, Deputy Ministers cannot be held fully responsible.

(2) The building up of large war staffs, and the retention of large numbers after their services had ceased to be necessary until otherwise placed in the service.

(3) The retention on compassionate grounds of employees who through inefficiency would have difficulty in obtaining a livelihood outside the Civil Service.

(4) The retention of old employees who have exceeded their period of usefulness, but who have been allowed to continue in their positions in the hope that an adequate superannuation act would be passed at some future time.

15. The duplication of functions may be attributed in a measure to the establishing of branches in the Civil Service consequent partially on the expansion of the Dominion but due chiefly to a desire to increase the importance of the department and to surround it with large staffs. This process of multiplying branches and subbranches has now been in operation for a good many years. The extravagant conditions resulting therefrom in the opinion of your Committee can only be remedied by calling a halt and by instituting a thorough reorganization of departments without consideration of the susceptibilities of the personnel involved.

16. Your Committee considers that, in addition to reorganization, the following subsidiary measures would be productive of economy:—

(1) The retirement of employees who, on account of age, have exceeded their period of usefulness, where this can be done without inflicting undue hardship; and the immediate release of inefficient employees.

(2) Careful scrutiny, by the Civil Service Commission, after consultation with the Minister or Deputy Minister, of all requisitions for new appointments; no new appointment should be made unless absolute need for the position can be demonstrated.

(3) The abolition of vacancies which have remained unfilled for six months. If a position can stand vacant for that length of time, it is not essential to the organization.

17. In the opinion of your Committee, the proper body to undertake the work of reorganization is the Civil Service Commission. Its powers, under the Act of 1918, give it the necessary legal authority, and the intent of the Act was, *inter alia*, that the Commission should proceed with the organization of the Civil Service. The following extracts from the Act indicate the Commission's scope:—

"4. (1) The duties of the Commission shall be,—

"(a) to test and pass upon the qualifications of candidates for admission to and transfer and promotion in the civil service, and to issue certificates with respect thereto required under this Act or regulations made thereunder;

- "(b) of its own motion to investigate and report upon the operation of this Act, and upon the violation of any of the provisions of this Act or of any regulation made thereunder; and, upon the request of the head of a department, to investigate and report upon any matter relative to the department, its officers, clerks and other employees;
 - "(c) to report upon the organization or proposed organization of the departments or any portion of any department or of the Civil Service, and upon any proposed change in such organization;
 - "(d) to obtain the assistance of competent persons to assist the Commission in the performance of its duties;
 - "(e) to make an annual report on the organization and staff, including the duties and salaries of such staff, of each portion of the Civil Service;
 - "(f) to arrange for the transfer of supernumeraries or other officers, clerks and employees from portions of the Civil Service where they are no longer required to other portions of the Civil Service where they are required;
 - "(g) such other duties as are assigned to it by the Governor in Council.
- "(2) The Commission, with the approval of the Governor in Council, may make regulations prescribing how such duties shall be performed, and such regulations shall be published in *The Canada Gazette*.
- "(3) The deputy heads and all other officers and employees in the Civil Service shall give the Commission such access to their respective departments and offices and such facilities, assistance and information as the Commission may require for the performance of its duties.

ORGANIZATION OF DEPARTMENTS

"9. (1) The Commission, as soon as may be practicable after the passing of this Act, shall, after consulting with the several deputy heads, the heads of branches and other chief officers, prepare plans for the organization of the Inside Service and the Outside Service of each department and of each branch or portion of the Civil Service, such organization as far as possible to follow the same general principles in all branches of the Civil Service. As soon as the plan of organization is completed for either the Inside or Outside Service or any branch or portion of the Outside Service or of any branch or portion of the Civil Service, such plan or organization shall be submitted for the approval of the Governor in Council.

"(2) If, after such approval, the deputy head or the Commission is of opinion that any such plan of organization might with advantage be in any way changed, the Commission shall in a similar manner prepare a report upon such proposed change, and shall submit the same for the approval of the Governor in Council. No change shall be made in the organization of any department until it has been so reported upon by the said Commission.

"(3) As soon as any plan of organization is confirmed by the Governor in Council, the deputy head shall, subject to the approval of the Commission, forthwith cause the officers, clerks and employees affected thereby to be reclassified for the purpose of placing each officer, clerk and employee in a proper place under such plan of organization."

18. The Civil Service Commission should have and is supposed to have by this time, a staff trained in organization work, and familiar with the requirements of the various departments. It has already undertaken several important tasks of this nature. The reorganization of the Printing Bureau received very favourable comment from an independent investigatory committee, extracts from the report of which are appended. The Bureau staff, in 1919, numbered 1,159; by the end of 1921 it has been reduced to 732, and the annual saving in salaries amounted to nearly \$750,000.

19. In 1918 the Government of the day employed experts to undertake a reorganization of the Post Office Department and the Customs and Excise Department. The work was proceeded with till late in 1921, when it was taken over by the Commission and to a very large extent is now completed. The evidence adduced by your Committee shows that in the case of the two departments there has been an annual saving of over five hundred thousand dollars as a direct result of the reorganization effected.

20. The enlargement of the powers of the Audit Board by the Order in Council of February 23, 1924 (P.C. 301), will enable the Board to be of assistance in problems dealing with accounting and financial matters.

21. Your Committee is convinced that the method of appointment and promotion by competition (usually known as the merit system) is preferable, in every way, to advancement by favour or influence. In support of this principle may be cited the findings of a number of committees, extracts from which will be found in the appendix to this report.

22. Your Committee therefore recommends:—

(1) That when a vacancy occurs in the public service by reason of death, resignation or otherwise, such vacancy be not filled by promotion or otherwise except on report of the Civil Service Commission after consultation with the Minister or Deputy Minister. In case of disagreement the facts should be referred to the Governor in Council for decision, and a report should be made to Parliament respecting all such decisions with the reasons therefor.

(2) That an Order in Council be passed instructing the Civil Service Commission to proceed with the reorganization of those departments of the public service which have not been reorganized within recent years, and enjoining deputy heads to render the Commission the fullest co-operation and assistance. This order should further require the Commission to report to the Governor in Council and to Parliament all instances where their work is hampered or delayed by lack of co-operation upon the part of Deputy Ministers or their chief officials.

(3) That by carefully checking all requests for appointments, by absorbing surplus personnel through transfer, and by any other means in its power, the Civil Service Commission use all its endeavours to obviate the necessity of filling vacancies with new personnel; and further that the Commission endeavour to reduce the number of existing positions by having those which are not essential abolished.

(4) That with a view to decreasing staffs and increasing the efficiency of the service the Government should consider the advisability of proceeding as soon as practicable with the construction of suitable departmental buildings to be erected on property now owned by the Dominion.

23. There now seems to be a strong movement in several countries towards introducing better business methods in the administration of public affairs, as to which there will be found in the appendix a precis of the activities of the United States Bureau of the Budget from its inception to the end of June, 1923; also references to and extracts from the Report of the Royal Commission on the Civil Service of Canada (1908); from the Report on the Organization of the

Public Service of Canada by Sir George Murray (1912); and from the Report of the Machinery of Government Committee, and of the Ministry of Reconstruction (Great Britain, 1918).

24. Your Committee has had under consideration,—

- (a) the manner in which the estimates annually submitted to Parliament are prepared, checked and finally revised;
- (b) the existing administrative machinery to adequately control expenditures after appropriations have been made by Parliament; and
- (c) the custom prevailing in practically all branches of the service to continue to expend Departmental appropriations regardless of actual current revenue receipts.

In the opinion of your Committee the practices that have grown up and that have been followed in the past as regards these important matters are inefficient and large economies in controllable expenditures can be brought about by the adoption of modern business methods.

Your Committee therefore recommends that the Government should consider the advisability of making provision at the next Session of Parliament for such method or methods of control as will be sufficient to remedy the practices now prevailing.

By way merely of suggestion, your Committee are inclined to the view that such control might be brought about by the appointment of an officer directly under the Minister of Finance and clothed with sufficient authority,—

- (a) to call for and supervise the preparation of all departmental estimates;
- (b) to submit to the Minister of Finance the Estimates when finally completed, together with a report setting forth in sufficient detail the proposed increases and decreases and the justification thereof;
- (c) to keep in touch at all times with the expenditures of all departments with a view to effecting economies;
- (d) to report to the Finance Minister and through him to the Governor in Council all cases where in his judgment the expenditures for certain services should cease or be curtailed together with the reasons therefor.

25. Your Committee was at first inclined to suggest that the evidence and memoranda submitted by Deputy Ministers be printed, but finally concluded that doing so would result in the printing of a report that would be too voluminous. In the absence of such printing it is but fair to state that a reference to answers and evidence of deputy heads in reply to appendices No's. 1 and 2 will show that they have satisfactorily answered several of the criticisms contained therein. It must also be stated that in some cases Deputy Ministers have shown a desire to bring about staff reductions without the assistance of the Civil Service Commission.

All which is respectfully submitted.

F. L. BEIQUE,
Chairman.

APPENDICES

- No. 1.—Letter from the Chairman of the Committee to the Deputy Ministers.
 No. 2.—Memorandum of the Organization Branch Civil Service Commission, on reorganization of Government Departments or Branches.
 No. 3.—Summary of reports of various Parliamentary and other Committees appointed to investigate the Civil Service.
 No. 4.—References to and Extracts from:
 (a) Report of the Director of the Bureau of the Budget of the United States (July 1, 1922).
 (b) Second Annual Report of the Director of the Bureau of the Budget of the United States (July 1, 1923).
 (c) Report of the Royal Commission on the Civil Service of Canada (1908).
 (d) Report on the Organization of the Public Service of Canada by Sir George Murray (1912).
 (e) Report of the Machinery of Government Committee and of the Ministry of Reconstruction (Great Britain, 1918).
 No. 5.—Replies of Deputy Ministers to the Chairman's letter (not printed).
 No. 6.—Summary of evidence given by Deputy Ministers (not printed).

APPENDIX No. 1

THE SENATE OF CANADA

SPECIAL COMMITTEE ON THE CIVIL SERVICE

The Hon. F. L. BEIQUÉ, K.C., *Chairman.*

OTTAWA, May 3, 1924.

To the Deputy Minister of each of the Departments of the Civil Service

GENTLEMEN,—As you are aware numerous criticisms have been made through the Press on the administration of the several departments of the Civil Service, and the Senate has deemed it its duty as a branch of Parliament to appoint this Special Committee to enquire and report into the matter.

Other criticisms of the same nature have since reached the Committee from different sources. Among the criticisms which have thus reached the Committee are briefly the following:—

- (A) That the Civil Service Act should be amended to give
- (1) Deputy Ministers more control over their staffs, and more voice in promotions; and
- (2) to secure some elastic system under which employees may be transferred quickly from one department to another.

It is pointed out that under the present system when a department is in need of additional help, it rarely seeks it from another branch, largely because of the red tape involved, but advertises for additional employees. The above suggestion would eliminate this practice.

- (B) That some kind of Board or Parliamentary Committee should be established, with power to exercise the same control or check upon the growth of the staffs of departments, as is exercised by the Treasury Board in England.

The British Treasury Board, from time to time, compels heads of departments to appear before it and to show cause why their staffs should not be reduced, and why extra help taken on in case of extra work cannot be dispensed with. In this way over-manning is prevented.

(C) That the Civil Service should be compelled to work at least seven and a half instead of six and a half hours each day; and that steps should be taken whereby the whole administrative machinery should not cease on church holidays; and that four o'clock closing hours in summer-time should be abolished.

It is claimed that the above would effect a saving of millions of dollars to the country.

(D) That the system whereby Civil Service is scattered all over Ottawa should be stopped, and that departments should be consolidated as soon as it is practical, and rentals placed upon a business basis.

The present housing of the Civil Service, it is claimed, is due in a large measure to political patronage in large rentals, and is so lacking in efficiency as to be little short of a national disgrace.

(E) That the Department of National Defence has a permanent Militia force of 2,500 men, a small air force and an embryo navy. That there are 253 Ottawa permanent officials to supervise those services, at a cost of \$493,854.

Twenty years ago there were 36 officials costing \$45,000 a year.

In 1914, there were 130 officials at a cost of \$147,000.

(F) That the Trade and Commerce Department is over-manned.

In 1907 there were 468 officials, in 1914 there were 909 officials, in 1922 there were 1,342 officials.

(G) That the mere indiscriminate dismissal of a few hundred civil servants will not be a real cure. It is not so much a combing of branches as a sheer abolition of branches and the over-lapping and duplication of services:

Two government departments carry establishments for precise levelling.

Three departments have establishments in connection with topographical maps.

Seven departments have photostat establishments.

Five departments support establishments and equipment for the purpose of blue-printing and reproductions.

One department has five distinct engineering branches and it is said that only one of these operates under the departmental engineer.

Dredging, with its costly overhead engineering establishments, is carried on in three different departments.

Surveying work is carried on in three different branches of one department.

One department has seven distinct branches dealing with lands, each having its own expensive overhead establishment.

Now the need here is for dismissals; it is for wholesale abolition, or at least intelligent consolidation.

Dismissal of a few hundred employees would mean a saving of some thousands of dollars; ordinary common sense centralization would mean a saving of millions.

(H) That the Blue Books: Government reports—A rich field for economy.

Treaties upon all kind of subjects, statistics duplicated, maps, charts which nobody reads nor looks at.

There may be exaggerations in these criticisms, but it has been for a long time of public notoriety that the Civil Service is considerably over-manned; that there is absence of business methods, lack of efficiency, absence of consultation, duplication of staffs doing practically the same work, and room for a large amount of economy.

The Committee believing that the time has come when the best business methods should be introduced, as far as practicable, in the administration of the departments, has obtained from the Civil Service Commission an important Memorandum, of which the following is a brief summary:—

1. Government offices in Ottawa are at present located in 65 different buildings, 53 of these being rented buildings with an annual rental charge of

approximately \$680,000. Five per cent on more than thirteen and a half million dollars. For example, Branches of the Department of the Interior occupy sixteen rented and two government owned buildings, at a rental of over \$150,000. A very considerable economy can be effected if the staffs of the Government departments at Ottawa are housed in as few buildings and located in as central an area as possible, having in mind this one essential feature, that all the branches of a department should be located together in one building.

2. The Government's engineering and survey work is at present being carried on independently by four major departments: Public Works, Railways and Canals, Interior, and Marine and Fisheries, although the same standards of service are involved. There is accordingly unnecessary over-lapping and lack of unified control. A very considerable economy can be effected both in expenditure and results if the engineering work of the Government departments is consolidated into one service under one department and one head.

3. Similar criticism may be made of the accounting, purchasing, translating, legal, library, and duplicating services of the various departments of Government. Important additional economies may be accomplished by a pre-audit of pay-lists and by the introduction of mechanical methods for the preparation of pay-lists and the writing of cheques.

4. A separate organization is now being maintained for the collection of the income tax, while at the same time the tax-collecting organization of the Department of Customs and Excise is widespread and capable. There can accordingly be a considerable saving in expenditure on salaries as well as in office accommodation if the Income Tax Branch is amalgamated with the Department of Customs and Excise.

5. The Canadian National Railways maintain a complete telegraph organization which would logically appear capable of absorbing the telegraph service at present maintained by the Department of Public Works.

6. A material economy could be effected if the printing and distribution of Government publications were very considerably curtailed and placed under the direction of one distributing agency.

7. If the amalgamation of the Departments of Secretary of State and External Affairs is found possible, a saving could be effected by the amalgamation of supervisory positions and the pooling of office services.

8. The Lands works of the Department of the Interior is at present being carried on by seven distinct branches and steps are now being taken jointly by the Commission and the Department to effect an amalgamation which will result in considerable reduction of expenditure.

9. A very considerable saving could be effected in the amount now expended for travelling expenses and for the purchase and upkeep of motor vehicles of various kinds.

10. The introduction of mechanical devices and systems in the statistical divisions of the Government departments would result in both efficiency and economy. A detailed study of the statistical division of the Department of Customs and Excise would indicate that by the installation of Hollerith machinery a saving of approximately \$70,000 per annum could be effected in this department alone.

You will receive herewith a full copy of the Memorandum.

You no doubt appreciate that it is imperative that the present system referred to above in what it may be defective or too costly be not indefinitely perpetuated.

You are respectfully requested to please extract from the accompanying copy of Memorandum the portion thereof concerning your own department, and to furnish to the Committee as soon as possible a Memorandum of your own, embodying your views and suggestion as to the best remedy to be applied.

The Committee is conscious of the magnitude of the task in hand, and to accomplish it earnestly, request from everyone of you the best information, advice and co-operation.

You will be requested to attend from time to time, meetings of the Committee.

(Sgd.) F. L. BEIQUE,
Chairman.

APPENDIX No. 2

CIVIL SERVICE COMMISSION

ORGANIZATION BRANCH, APRIL 15, 1924

MEMORANDUM

REORGANIZATION OF GOVERNMENT DEPARTMENTS OR BRANCHES

In the following notes, an attempt has been made to indicate in brief some of the more obvious possibilities of reducing the cost of civil administration at Ottawa. Several schemes, the practicability of which is still doubtful, have been omitted.

The figures quoted, while as accurate as circumstances permit, are primarily intended as guides only. The maintenance of sufficiently detailed statistical records to enable such statements to be produced, would entail the employment of a considerable staff, an expense which the Commission is not, at present, prepared to incur. They may, however, be taken as sufficiently correct for the purpose.

1

Housing

While the accommodation of departmental staffs is not a matter for which the Civil Service Commission is responsible, the question is so closely related to organization that it is given the first place in this report. The necessity for the serious consideration of the housing problem is, it is submitted, of the utmost urgency.

There are, in Ottawa, twelve main office blocks, owned by the Federal Government and occupied by its employees:—

FEDERAL BUILDINGS

	Occupied by
East Block.....	Justice Department. External Affairs. Privy Council. Finance Department. Auditor General. Governor General's Secretary.
West Block.....	Trade and Commerce. Railways and Canals. Secretary of State. Public Works—Laboratory. Agriculture—Several Branches.
Langevin Block.....	Post Office Department, Interior, Agriculture, Patents and Copyrights.
Hunter Building.....	Public Works Department, Civil Service Commission, Marine and Fisheries, Auditor General.
Connaught Building.....	Customs Department.
Archives Building.....	Archives.
Printing Bureau Building.....	Public Printing and Stationery.
Geodetic Building.....	Interior—Geodetic Survey.
Observatory.....	Interior—Astronomical Branch.
Royal Victoria Museum.....	Mines Department. National Gallery.
Mines Building (Sussex St.).....	Mines Department.
Post Office Building.....	Ottawa Post Office.

In addition to these there were, in March, 1924, some fifty-three buildings, leased, either in whole or in part, for the accommodation of departments, at a gross rental which exceeded \$680,000. Details are given below.

BUILDINGS LEASED BY THE DEPARTMENT OF PUBLIC WORKS, OTTAWA,
(MARCH, 1924)

Building	Rental Per Annum	Occupied by	Branch
Marine Signal.....		National Defence.....	
Castle.....	\$ 12,580 00	National Defence.....	Ordnance.
Peerless.....	3,400 00	National Defence.....	Med. Stores.
Vimy.....	13,000 00	Interior.....	Registration.
Earlscourt.....	3,500 00	Interior, Trade and Commerce.	Stationery and Supplies, Patents.
Jarman.....	1,560 00	Trade and Commerce...	Patents.
Lamb.....	2,660 00	Trade and Commerce Health.	Weights and Measures; Foods and Drugs Laboratory.
Kent and Sparks Sts.....	6,116 76	National Defence.....	Garage.
204 Wellington St.....	600 00	Trade and Commerce...	Gas and Electricity.
Old Free Press.....	7,600 00	Mines.....	Mineralogical Museum.
Motor.....	15,393 00	Interior.....	National Resources.
Journal.....	9,328 54	Interior.....	Forestry.
Stephen.....	7,500 00	Interior.....	Stationery and Supplies.
Jackson.....	32,145 75	Immigration.....	Administrative.
Lowe-Martin.....	6,000 00	National Defence.....	Operations and Intelligence.
Bryson.....	9,240 00	Interior.....	Dominion Parks.
Trafalgar.....	16,880 60	Interior.....	Revenue and Expenditure.
		Purchasing Commission	Administrative.
Carling.....	15,000 00	Interior.....	School and Ordnance.
		Vacant.	
Slater and Sherwood Sts.....	11,000 00	Justice.....	R.C.M.P.

BUILDINGS LEASED BY THE DEPARTMENT OF PUBLIC WORKS, OTTAWA—*Concluded.*

Building	Rental Per Annum	Occupied by	Branch
Martin.....	5,500 00	Immigration.....	Exhibition.
172 Wellington.....	1,140 00	Justice.....	R.C.M.P. Stores.
Norlite.....	30,000 00	Interior.....	Lands.
Booth.....	17,319 75	Indian Affairs.....	Administrative.
Regal.....	16,500 00	Labour.....	Administrative.
MacKenzie.....	16,000 00	Post Office.....	Equipment and Supplies.
Queen and Metcalfe Sts.....	1,000 00	Agriculture.....	Publications.
Royal Bank.....	15,050 25	External Affairs.....	Passport.
		Interior.....	Advisory Technical Board.
		Justice.....	Purchasing.
		Railways and Canals....	Highways.
		Trade and Commerce....	Patents.
		Vacant.....	—
Birks.....	8,097 39	Agriculture.....	Entomological..
		Railways and Canals....	Rideau Canal.
Nagle.....	2,560 00	Justice.....	Penitentiaries.
Union Bank.....	67,110 70	Immigration.....	Soldiers Settlement.
		Interior.....	Regal.
		Post Office.....	Money Order, etc.
Robinson.....	15,020 00	Mines.....	Translators.
		Vacant.....	—
64-68 Queen St.	6,801 96	Agriculture.....	National Live Stock Record.
Elgin.....	23,000 00	Canadian Pat. Fund....	Administrative.
		Customs.....	Collector.
		Health.....	Administrative.
		National Defence	Signal Service.
		Soldier's Civil Re-	Federal Appeal Board.
		establishment.	—
Elgin Annex.....	6,993 92	Customs.....	Express.
		Immigration.....	S. S. B. Supplies.
Elgin Cottage	1,835 70	National Defence	Air Service.
Reclamation	5,858 40	Interior.....	Reclamation.
47 Slater St.	2,750 00	Agriculture.....	Dairy and Cold Storage.
O.A.A.C.....	8,227 33	National Defence	Local units.
Woods.....	37,412 11	National Defence	Headquarters.
Canadian.....	53,313 39	National Defence	Administrative.
Bate.....	16,000 00	Finance.....	Commissioner of Taxation.
Central Station	21,356 00	Railway Commission...	Administrative.
Transportation	35,600 00	Auditor General.....	—
		Agriculture.....	Publications.
		Interior.....	North West Territories and
		Justice.....	Interior Boundary.
		Vacant.....	Technical Advisor.
Plaza.....	18,023 53	Finance.....	To be given up under new lease.
		Interior.....	Insurance.
		Soldiers' Civil Re-	B.C. Lands.
		establishment.	Units.
113 Rideau St.	7,225 00	Vacant.....	Vacated by R.C.M.P.
Laroque.....	12,832 00	Justice.....	R.C.M.P.
New Labelle.....	24,200 00	Interior.....	Surveyor General.
Old Labelle.....	11,500 00	Interior.....	Surveys.
		Marine and Fisheries...	Stationery and Supplies.
		National Defence	Records.
Labelle Garage.....	2,448 00	Labour.....	Public Printing and Stationery
			paper stores.
105 Murray St.....	2,390 00	Labour.....	Public Printing and Stationery
			Storage.
Goulden.....	1,680 00	Archives.....	Historical Publications.
140 Argyle Ave.....		Justice Dept.....	—
Exhibition Grounds.....		Justice Dept.....	—
Total.....	\$ 678,430 00		

From the foregoing table, the extent of decentralization is apparent. For example, elements of the Department of the Interior occupy sixteen rented and two government-owned buildings at a rental of over \$150,000; while the Department of National Defence occupies ten (some of which, however, are for storage only), at a cost of more than \$130,000.

In some cases, the situation of a branch is determined by the nature of its work; the Dominion Observatory or the Experimental Farm, for instance, could not very well be located in the city; in others, the locality is of minor importance, dependent perhaps only on accessibility to the general public, or on proximity to the Parliament Buildings.

There is no doubt that the scattering of branches of departments over a comparatively large area multiplies the cost of administration. This condition is due partly to the rapid expansion which has taken place during the last ten years, and partly, no doubt, to the reluctance of some departments to move in order that others might be better accommodated; it is with the effect, however, rather than the cause, that the Commission is concerned. The decentralization has led to the creation of separate divisions for the usual office services—stenography, typing, filing, etc.—as well as for such work as drafting and photography; and in at least one department has necessitated the provision of an expensive motor delivery service for files and mail.

Without entering into a detailed criticism of the accommodation which has been secured, it should be said that many of the buildings are scarcely suited for their present purpose. An office building, to be efficient, should contain enough large rooms to hold junior employees, whose work cannot be properly supervised if they are segregated into small groups; a few individual offices for personnel, the nature of whose occupation demands quiet or privacy; some provision for a rest-room for female employees (which, apart from any other consideration, reduces absence on sick-leave very materially); and a general lay-out which will enable work to be routed with a minimum loss of time or motion. Very few of the buildings occupied by departmental staffs fulfil these requirements.

Several of the proposals outlined in the succeeding paragraphs are dependent, to a greater or less extent, on some improvement in the housing situation; and this quite apart from the question of the desirability of spending annually a sum which represents the interest at 5 per cent on more than thirteen and a half million dollars on rented accommodation, a great deal of which is of only indifferent quality.

2

Establishment of an Engineering and Scientific Service

At the present time the Engineering and Scientific Services are divided among some several departments, notably the following:—

Public Works.

Railways and Canals.

Interior.

Marine and Fisheries.

Mines.

The work of some of the branches of these departments is such that they are interrelated with the work of some of the branches of other departments. In many cases a single function is divided between branches of two departments an outstanding instance being topographical surveying, a considerable amount of which is done by the Topographical Survey, Department of the Interior, and by the Geological Survey, Department of Mines. The Geological Survey has carried on primary triangulation, a function assigned to the Geodetic Survey. This has, no doubt, arisen through the Geological Survey finding it necessary to establish reference points when it was not possible for the Geodetic Survey to do the work without seriously interfering with its own carefully prepared program of work. Even though a reorganization of each department were made, and the functions of each branch carefully delineated for the time being, it is considered that any inter-departmental co-ordinating agency, such as the present Surveys

Board would probably work to the best advantage under the direction of a single head. This would have the two-fold result of controlling functions as between branches and provide the machinery for the large amount of co-operation between technical branches necessary to the most efficient promotion of such work, which co-operation is now dependent upon the accident of mutual good-feeling and absence of professional jealousy between the heads of branches.

For these reasons, and for the further reason that it is believed that economies in staff and material can be effected by amalgamation, plans for an organization to include all Scientific and Engineering Services, except those relating to Agriculture and the promotion of the Public Health, have been prepared.

A proposed organization plan has been drawn up for an Engineering Service comprising the following major units or branches:—

- Secretary.
- Surveys.
- Design, Construction and Maintenance.
- Resources Development.
- Physical Science Investigations.
- Natural Science Investigations.
- Mining and Chemical Investigations.

(1) *The Secretary's Branch* is to consist of the clerical, accounting, store-keeping and purchasing staffs.

(2) *The Surveys Branch* would consist of four branches consolidated out of the various survey units in the different departments. A move towards the consolidation of survey branches has recently been made by placing the survey branches of the Department of the Interior under one head, the present Surveyor General. To make this survey organization complete, the following units should be combined with it if all surveying is to be properly planned and carried out under one head:—

- Topographical Survey Section of the Geological Survey;
 - Topographical Branch, Department of National Defence;
 - Surveys Branch, Department of Indian Affairs;
 - A small number of employees, Department of Public Works;
 - Hydrographic Survey, Department of Marine;
 - Tidal and Current Survey, Department of Marine;
 - A number of employees of the Dominion Water Power Branch, Department of the Interior, on stream measurement and watershed investigations.
- See also Sections (10) and (19).

(3) *The Design, Construction and Maintenance Branch* would consist of three major branches, as follows:—

- Chief Engineer.
- Chief Architect.
- Superintendent of Operation.

The branch would assume the work of the following departments or units:—

- Public Works;
- Railways and Canals, excepting Railways and Board of Railway Commissioners;
- Engineering and Construction work, Marine and Fisheries;
- Part of the work of the Dominion Water Power Branch in maintaining irrigation and reclamation works.

As this branch would constitute practically the whole of the proposed organization outside Ottawa, a separate chart is attached showing an organization designed to carry on the work and a separate memorandum has been prepared to accompany the chart.

(4) *Resources Development Branch*.—This branch would consist of the present services where the work is of a scientific or technical character for the purpose of conserving or developing natural resources and supplying information to the public or interested parties in connection therewith.

This branch would consist of the following units:—

Water Power and Hydro Electric Development;
 Natural Resources Intelligence;
 Forestry;
 Dominion Parks.

The Water Power and Hydro Electric Branch would consist of the present Water Power Branch, excepting the staff engaged on Reclamation and Irrigation transferred to the Design, Construction and Maintenance Branch. The Natural Resources Intelligence, and the Forestry Branch would consist of the present branches. In the case of the Forestry Branch, which has a considerable number of employees outside Ottawa, it might be practicable to effect economies by administering field staffs through the district offices of the Design, Construction and Maintenance Branch.

(5) *Physical Science Investigation*.—This branch would consist of the Dominion Astronomical Observatory, the Dominion Astrophysical Observatory of the Department of the Interior and the Meteorological Service of the Department of Marine and Fisheries.

(6) *Natural Science Investigation*.—This branch would consist of the present Geological Survey minus the Topographical Survey work now carried on which is to be placed under the Surveyor General.

(7) *Mining and Chemical Investigation*.—This branch would consist of the Mines Branch of the Department of Mines.

The incorporation in the proposed organization of the Water Power Branch, the Natural Resources Intelligence, the Forestry Branch, the Observatories, Meteorological Service, the Geological Survey and the Mines Branch does not present any difficulties requiring elaborate explanation, as the branches would be transferred practically intact. The nucleus of the proposed Surveys Branch already exists and at the present moment is capable of taking over all surveying in the Government Service (except coastal and inland water surveys) by assigning the required additional employees to the staff.

The creation of the new branch, Design, Construction and Maintenance requires, however, the bringing together of three or four existing Dominion-wide organizations with both technical and administrative duties.

NOTE.—The above covers very briefly the scope of a proposed Engineering Service. An ultimate saving in personnel and overhead can only be conjectured: one estimate places it as high as \$1,000,000 per annum, but while the Commission is not prepared, in the absence of more detailed information, to guarantee this figure, it is certain that the reduction in cost would be very considerable indeed, involving as it does, amalgamations which will reduce overhead costs of administration and supervision to an absolute minimum.

3

The Provision of a Central Accounting Service for all Government Departments.

The accounting problems which confront the various departments, especially those which are not revenue-producing, are basically similar; an appropriation is provided against which expenditures are charged, and in most cases, a great deal of that expenditure is made on account of salaries and wages.

Whether a central service could take charge of all government accounting is a problem which has not yet been thoroughly worked out, but there is no doubt that the payment of salaries, except perhaps for casual labour, could be centralized with advantage and economy. If such a large organization as the

Department of Customs and Excise can, without difficulty, pay its employees by cheque from the Head Office, there does not appear to be any reason why the principle should not be capable of a broader application.

It is estimated that, in the larger departments, there are upwards of 70 employees, at an aggregate salary of \$85,000, fully engaged in the payment of salaries. To this must be added the services of part-time employees, both in and outside Ottawa.

The advantages of such an amalgamation, besides the saving in salaries, which might amount to as much as 15 per cent would be:—

1. A pre-audit of pay-lists.
2. The introduction of mechanical methods for the preparation of pay-lists and the writing of cheques.
3. Uniformity in the interpretation of the regulations affecting pay.

If this scheme were put into effect, it is considered probable that it would pave the way to further centralization.

4

The Provision of a Central Purchasing Service for all Government Departments.

There has been considerable difference of opinion on the question of centralized purchasing, but the principle has the support of several of the largest business concerns in the Dominion, as well as of a number of states in the U.S.A., in which it has been adopted with marked saving in public money.

The purchasing of stationery and office furniture are already centralized in the Printing Bureau and Department of Public Works respectively, but thirteen other departments maintain a separate purchasing branch for general and special supplies. These staffs comprise some hundred and twelve employees, at an annual cost of over \$80,000. The Government Contracts Supervision Committee employs, in addition, 11 at \$19,840. The largest purchasing branches are found in the Department of National Defence, the Printing Bureau, the Department of Soldiers' Civil Re-establishment, the Public Works Department, and the Department of Marine and Fisheries, which vary from 25 to 12 employees. Smaller departments, such as Mines employ two or more. The larger departments mentioned purchase supplies to the extent of well over \$1,000,000 annually.

In general, the routine of these branches and the problems encountered are very similar, and the Commission is of the opinion that the following benefits would result from the establishment of a central purchasing service, containing a more highly specialized staff of buyers:—

1. A considerable reduction in staff and salaries.
2. A substantial reduction in the cost of supplies and equipment (rendered possible by bulk purchasing).
3. Better deliveries.
4. Better control.

No details of saving can be furnished at present, but it would be quite safe to put the reduction in staff at not less than 15 per cent-20 per cent.

5

The Provision of a Central Multigraphing and Duplicating Service.

Hitherto, owing to the absence of any control, departments have purchased duplicating machines, e.g. multigraphs and mimeographs, independently, with the result that a comparatively large quantity of this equipment is now lying idle and is deteriorating.

At present there are about thirty multigraphs and seventy mimeographs scattered through the various departments, and of these, eleven multigraphs are reported as being in disuse. The staff employed to run these machines is over 50, and their cost in salaries more than \$60,000. This does not include the part-time services of typists who cut stencils.

The objection to each department having a printing press of its own holds good, to a modified extent, in this case. It is very convenient to have a multigraph within easy reach, but unless it and its operator are engaged full-time, there is a waste of time and money in proportion to the period of slackness.

There is no reason why a central multigraph and mimeograph unit should not be formed at some central point. It is easier, in a large organization, to eliminate slack periods, for there is usually work which can be done at leisure. Rush work could be performed much more quickly as it would be possible to utilize several machines instead of one or two.

The success of this arrangement would depend, very largely, on the prompt filling of requisitions, but this matter of administration could be successfully handled by a competent chief.

The saving in staff and equipment should be material, perhaps 20 per cent in the former case; but this cannot be determined until a detailed survey of requirements has been made.

6

The Provision of a Central Translating Service

Most departments have a small but expensive translating staff, not only to handle French correspondence, but also departmental publications and general translation.

The total number of translators (exclusive of the Senate and House of Commons Staffs) is 50, and the annual cost \$111,000. The following table gives details:—

Department	Number of Employees	Total Salaries
Agriculture.....	7	\$ 13,711 00
Archives.....	1	3,300 00
Customs and Excise.....	1	2,940 00
External Affairs.....	1	2,190 00
Finance.....	1	2,880 00
Health.....	1	3,300 00
Immigration and Colonization.....	1	1,560 00
Indian Affairs.....	1	2,880 00
Interior.....	8	16,771 00
Labour.....	3	6,000 00
Marine and Fisheries.....	3	8,460 00
Mines.....	2	5,820 00
National Defence.....	3	6,180 00
Patents and Copyrights.....	1	2,280 00
Post Office.....	7	11,680 00
Privy Council.....	2	3,660 00
Public Works.....	3	7,980 00
Railways and Canals.....	1	2,280 00
Trade and Commerce.....	3	6,630 00
	50	\$ 110,502 00

Stenographic help is additional to this figure but is not less than \$25,000.

As an argument in favour of a central translation branch, the case of the Department of the Interior may be cited. Prior to April, 1923, the translators were allocated to various branches, but on the reorganization of the Secretary's Branch, they were combined into a division and this centralization has proved satisfactory. There remain, with the other branches, of course, bi-lingual stenographers, who handle ordinary correspondence.

The work performed by the Department of the Interior is varied in nature and if a central translation division works satisfactorily in this case, the application of the principle to the whole service at Ottawa, seems only logical. This central unit would handle translation other than departmental correspondence, which would be performed by bi-lingual stenographers.

Under proper organization, there would be a saving, not only by the elimination of positions which would naturally become surplus on amalgamation, but also by reduction in the classification of others, for example, eleven head translators would scarcely be required in the new branch.

There is no reason why departments should not receive better service than at present, as rush work could be performed more quickly.

7

The Provision of a Central Photostat, Blue-printing, Photo-lithographic and Photographic Service

The total staff engaged in this work, exclusive of Photo-lithography and Motion Picture Photography, is 44, and costs annually about \$57,000. Twelve separate divisions are maintained in eight different departments, the largest being in the Natural Resources Intelligence Branch, Department of the Interior, the Public Works Department, and the Department of Trade and Commerce. The distribution by duties is:—

Photostat.....	6	\$ 7,500 00
Blue-printing.....	8	8,500 00
Still and other photography.....	30	41,000 00
	<hr/> 44	<hr/> \$ 57,000 00

There is no doubt that the large number of units employed in this work, the cost of supervision, materials, etc. heighten its cost, and while it would not perhaps be advisable to include such plants as those of the Department of Public Archives and the Astronomical Branch, Department of the Interior, most of the divisions could be combined in order to reduce cost of administration, and maintenance.

The consideration of housing enters largely into this question, but failing the possibility of accommodating the entire photographic service in one building, at least some units, for example, those in the Department of the Interior, could be combined.

Photo-lithographic staffs are employed at the Printing Bureau, the Topographical Surveys Branches of the Departments of the Interior, National Defence and Mines. Housing, again is a consideration, but the amalgamation of these units would be in the public interest, especially if the various surveys branches were combined, as discussed in paragraphs (2) and (10).

A careful survey would have to be made, before any figures as to probable saving could be given, but amalgamations of large units seldom result in a reduction of less than 10 per cent—15 per cent.

8

The amalgamation of the Income Tax Service with the Department of Customs and Excise

There are 1,284 employees in the Income Tax Service and 3,950 in the Customs Excise Service, a total of 5,234, with an annual pay-roll of approximately \$8,000,000.

There are good reasons why the Income Tax Service should be combined with the Department of Customs and Excise, as was done with the Department of Inland Revenue in 1921.

The organization maintained by the Department of Customs and Excise for the collection of taxes is widespread and capable, with the addition of the necessary personnel of absorbing the work performed by the Income Tax Service.

There would, of course, be a considerable saving in expenditure on salaries, as well as in office accommodation, if this amalgamation were put into effect; it is not possible to estimate the exact reduction, but it would be very material.

9

Public Works Telegraphs Service; Department of Marine Signal Service and Radio-Telegraph Branch

The Department of Marine has a signal service for reporting boats on the St. Lawrence. The Service extends from Father Point to Montreal and is also used for general departmental work.

This department also has charge of radio-telegraph work, and maintains numerous radio stations in different parts of Canada.

Consideration might be given to the possibility of transferring these units to the Canadian National Railways, where there is a complete telegraphs organization.

10

Amalgamation of Surveys Branches

The Commission is now in communication with the Minister of the Interior and Mines with a view to the amalgamation of the Topographical and Drafting Branches of these Departments. Should this prove practicable (and the Commission is strongly of the opinion that such a step would be in the public interest) the Minister of National Defence will be approached on the subject, as his Department also carries out topographical surveys.

The respective strengths and approximate costs of the three branches are:—

Interior.....	240	\$ 525,000 00
Mines.....	31	80,000 00
National Defence (Civil Staff only).....	23	40,000 00
Total.....	294	\$ 645,000 00

(These figures include the drafting staff, but not temporary field employees such as rodmen, chainmen, etc.).

The saving due to amalgamation, which should be very large, would be accomplished by:—

1. Reduction in the number of highly paid supervisory positions.
2. Pooling of office services, not only of stenographers, typists and filing personnel, but also of the office engineering and drafting staffs.

The Director General of Surveys (Dr. E. Deville) has expressed himself in favour of this amalgamation.

The question of amalgamating Militia Surveys with those of Interior and Mines would require some working out, as the branch is used extensively for the training of military personnel. Details, however, could probably be arranged to the satisfaction of all concerned.

If the proposals made in paragraph (2) are put into effect, the amalgamated topographical branches would naturally form a part of the major organization. See para. (2), Section (2).

11

Distribution of Government Publications

Under the present organization, the Department of Public Printing and Stationery distributes certain government publications, the House of Commons staff distributes a large volume of sessional papers while Parliament is sitting, and most departments maintain a staff for the distribution of books and pamphlets which concern their own work.

It should be possible to centralize this activity, preferably at the Printing Bureau, in the following manner:—

1. *Sessional Papers*.—These could be distributed to senators and members by a staff detailed for duty by the Bureau, and to others from the main Distribution Office. During recess all distribution could be made from the main office.
2. *Departmental Publications*.—These, with the exception of a few copies retained by the unit concerned for emergencies, could be distributed from the main office. Departments would be responsible for the provision and maintenance of their mailing lists. Single orders could be filled by requisition.

It is estimated that the Printing Bureau could handle the sessional distribution at a saving of more than \$6,000 on the present arrangement. The House staff of four could be eliminated, and it is more than likely that the distribution staff at the Bureau, (at present 29, with a cost of nearly \$35,000), could, by careful re-organization, be reduced as well, as it appears to be in excess of requirements for its present duties.

The saving effected by the centralization of departmental distribution should be considerable, but no estimate is possible until a thorough survey has been made. The introduction of up-to-date mechanical appliances would probably play a large part in the reduction of cost.

12

Parliamentary Post Offices

The provision of employees to handle the Senate and House of Commons Post Offices appears to be somewhat in excess of requirements. The permanent staffs are two and four respectively, and the annual cost about \$10,000, to which must be added the services of some fifteen sessional personnel.

While it is essential that the service should be excellent, the volume of work during recess scarcely seems to warrant the size of the staff retained.

As an alternative it is suggested that the Post Office Department be required to furnish sessional help as required, and that one clerk only be retained in each office when Parliament is not sitting. These, with the help of the messenger service, should be sufficient to handle the reduced amount of correspondence, and the service of the remaining personnel utilized if necessary by transfer to the Postal Service.

13

Possible amalgamation of the Departments of the Secretary of State and External Affairs

This, of course, is a matter for Parliament, and it may be that there are adequate reasons for the maintenance of two separate organizations.

Some saving, however, could be effected by amalgamation, chiefly by the elimination of supervisory positions and the pooling of office services.

14

Transfer of Bookbinding work to the Department of Public Printing and Stationery

The small bindery units employed in the Natural Resources Intelligence Branch, the Astronomical Branch, and the Lands Patents Branch, of the Department of the Interior, might be transferred to the Printing Bureau. There does not seem to be any reason why these branches should have a separate division of this kind more than any other which sends its books and documents to the Bureau to be bound.

On the other hand, the binderies in the Library of Parliament and Department of Public Archives are better as they are at present, as the work is more highly specialized, and the risk of damaging a valuable work is not worth the trifling saving to be gained by centralization.

15

Amalgamation of Lands Branches, Department of the Interior

As the organization exists at present the following seven branches deal with Dominion Lands:—Dominion Lands, School Lands, Lands Patents, Ordnance, Admiralty and Railway Lands, Timber and Grazing Lands, British Columbia Lands, and Mining Lands. The strength of these branches averages 48, varying from 11 (B.C. Lands), to 82 (Dom. Lands); the total staff is 337, and the approximate annual cost \$490,000.

An attempt is now being made by the department to amalgamate these branches under one administrative head, and the Deputy Minister has asked for the Commission's co-operation in this work.

It is too early to estimate with any accuracy the probable saving which will result, but a considerable reduction can be made by the following:—

1. The elimination of several highly-paid supervisory positions.
2. The pooling of all office services, *e.g.* stenography, typing and filing.
3. The retirement of as many employees as are eligible, and the abolition of the positions thus vacated.

16

The Centralization of Filing Systems and Office Services, Department of the Interior

Owing to very unsatisfactory housing conditions the Department of the Interior is scattered through eighteen different buildings. This necessitates the retention of a much larger staff of file clerks, stenographers and messengers than would be necessary were the department concentrated into one large building.

There is a main registry for land files, but other branches are compelled to maintain a sub-registry; the total filing personnel is over 75, and costs in salaries more than \$100,000, a figure which might be reduced considerably if all filing could be centralized. The advantage of a central registry is too obvious to require further comment.

The department at Ottawa employs 250 stenographers of various grades whose annual salaries are approximately \$300,000. This total, again, could be materially lessened as this type of labour lends itself readily to pooling, which is one of the best methods of keeping down the number of junior employees, and is already in use in some of the large departments, *e.g.* Post Office.

The saving in messenger service would be small, as the salaries are low, but the motor delivery service, which employs six chauffeurs (exclusive of the Minister's) at about \$7,500 per annum might be done away with.

17

The Consolidation of Accounting Services, Department of National Defence

In 1923-24 the pay and allowances of the Royal Canadian Army Pay Corps were \$177,150 and the salaries of the Accounts Branch (exclusive of employees at the Naval Dockyards), \$143,700; a total cost for accounting service of \$320,850, or of \$2.50 for every \$100 of appropriation. There were about 90 employees in each branch and 13 more at the Dockyards.

With the reduction in the Estimates for 1924-25 the percentage cost would approach \$2.75 even though the salaries remained stationary, but the department proposes to increase the cost of its Accounts Branch by numerous upward revisions in classification and by the addition of new positions.

The amalgamation of the Royal Canadian Army Pay Corps and the Accounts Branch would in no way lessen the efficiency of these units and would effect a considerable saving in administrative overhead and throughout the organization generally. The chiefs of both units have expressed themselves strongly in favour of the idea, the Director of Pay Services with the proviso that the Pay Corps should have the controlling interest, and the Chief Accountant on the assumption that the new organization would be essentially civil in character.

As a corollary to amalgamation the present Audit Division might with advantage be taken over by the Auditor General to obviate the duplication of work which now takes place.

18

The Transfer of all Legal Officers to the Department of Justice

There are at present in the service, exclusive of the Department of Justice, fifteen legal officers employed as departmental solicitors. The annual salaries of these officers total more than \$56,000, exclusive of stenographic and clerical assistance which amount to about \$25,000. The following table gives details:—

Department	Number of Employees	Total Salaries
Customs and Excise.....	1	\$ 3,480 00
External Affairs.....	1	5,000 00
Finance.....	1	4,020 00
Indian Affairs.....	1	4,020 00
Interior.....	3	10,020 00
Marine and Fisheries.....	1	3,240 00
Post Office.....	1	3,700 00
Public Works.....	2	7,260 00
Railway Commission.....	1	4,020 00
Railways and Canals.....	1	5,000 00
Secretary of State.....	2	6,480 00
	15	\$ 56,240 00

The Deputy Minister of Justice has verbally agreed with the suggestion that these legal officers should logically be placed under that department; and that this action would very probably result in economy.

It seems more appropriate that the legal officers in the service should be controlled by the Department of Justice, and no doubt several positions would then be rendered surplus.

The Department of Justice could allocate them to departments as necessary.

One fault of the present system is that departmental solicitors may be required to do work of a clerical nature which might be performed by lower paid employees.

19

The Consolidation of Engineering Services, Department of Marine and Fisheries

Prior to 1903, the Chief Engineer of the Department of Marine had responsible charge of both the maintenance and the construction of aids to navigation, and also directed such work as the removal of wrecks and obstructions from navigable waters, tidal and current surveys, hydrographic surveys, and the construction and repairing of fish hatcheries.

In that year, however, an Order in Council was passed, which removed the maintenance of aids to navigation from the control of the Chief Engineer, and appointed a Commissioner of Lights for this purpose.

Since this Order was passed, the following have also been removed from the control of the Chief Engineer:—Hydrographic Survey, Tidal and Current Survey, Dominion Steamers, Life-saving Service, and Fisheries Engineering, and to-day there are, in the Department, the following branches, with expenditure as indicated, the officer in charge of which reports directly to the Deputy Minister:—

- (a) A Chief Engineer's Branch (\$825,000 for engineering work).
- (b) A River St. Lawrence Ship Channel Branch (\$600,000, plus \$100,000 to cover the cost of operation of a Marine Signal Service).
- (c) A Hydrographic Survey Branch (\$300,000).
- (d) A Tidal and Current Survey Branch (\$30,000).
- (e) A ship-building and repair plant with an operating cost of about \$125,000.
- (f) A Fisheries Engineer's Office (\$30,000). This officer reports to the Director of Fisheries.
- (g) A Dominion Steamers Branch (\$1,500,000 for maintenance of and repairs to service steamers and ice-breakers).
- (h) A Branch is also maintained for the purpose of administering the Steamboat Inspection Act (\$120,000). A detailed study of this work might show the advisability of amalgamation.

As the activities of the units mentioned above are fundamentally similar in their problems and in the type of labour engaged, they might, with advantage, be combined under one head. Such a change in organization should render possible a considerable reduction in the cost of administration, personnel, material, and gear.

If, however, the proposals made in paragraph (2) are put into effect, the recommendations contained in this section must be modified accordingly.

20

Customs and Excise Statistics.

A staff of about 124 with salaries amounting to \$187,000, is at present employed in the Customs Statistical Branch.

The method of preparing statistics is by hand, which involves a very large amount of simple but laborious addition of items entered, also by hand, in ledgers.

In other departments, eg. the Dominion Bureau of Statistics, and the Department of Labour, these methods have been replaced by mechanical tabulation. The advantage is obvious.

A detailed survey of this branch has already been made with a view to the introduction of mechanical methods. Besides a substantial reduction in the number of staff required, a lower salary scale could be paid, if mechanical tabulation were introduced; as, in this case, the bulk of the work falls on card-punchers whose duties are purely mechanical, instead of on expensive Customs Statistical Clerks.

Besides the financial saving, the mechanical system possesses the great advantage of flexibility, and is capable of presenting a given set of statistics in as many different forms as required at an infinitely higher rate of speed than could be accomplished by any known hand method. In this way, statistics bearing on new problems could, at any time be quickly secured; a task which, under existing conditions, would necessitate a large expenditure of time and money.

The financial saving may be estimated at \$70,000 per annum.

Standardization of Paper.

The question of standardizing paper for government correspondence and forms, e.g. ledger-sheets, requisition-forms, etc., does not directly concern the Civil Service Commission, except insofar as it forms part of the general programme of economy.

It is impossible not to notice the variations in the size and quality of stationery used for similar purposes by different Departments, and it is considered that a study of the requirements of the Service would result in a reduction of expenditure.

The United States Government has recently taken up this matter with considerable success. It is understood that, before the investigation, there were fifty different sizes of paper in stock, but that this number was reduced to seven, and that a bureau is no longer allowed to order forms on 'odd size' paper, which results in waste during cutting.

The following are some points which would have to be considered in any investigation:—

1. The use of expensive paper, frequently embossed, for inter-departmental and inter-branch correspondence.
2. The use of expensive linen-lined envelopes for other than foreign despatch.
3. The use of odd-size forms which cause waste in cutting from standard-size sheets.
4. The use of full-size sheets for letters or memoranda of a few lines only.
5. The separate printing for each department of stock forms such as requisitions, contract demands, memorandum pads, etc.
6. The provision of unnecessarily expensive stationery, e.g. a ledger, where a cheap index would have been sufficient.

Consolidation of Departmental Libraries

Almost every department has a library which may vary from a few hundred books of reference to a large collection.

The total number of employees now classified in one or other of the librarian classes is 40 and the annual cost in salaries \$65,000. To this must be added a small amount, difficult to ascertain exactly, but probably not exceeding \$5,000, for the part-time services of typists and junior clerks. These figures do not include the Library of Parliament, which does not appear susceptible to amalgamation. Details follow:—

Department	Number of Employees
Agriculture	4
Archives	1
Civil Service Commission	2
Health	1
Interior	3
Labour	3
Marine and Fisheries	1
Mines	6
National Defence	3
Post Office	1
Privy Council	1
Railway Commission	1
Research Council	1
Secretary of State	1
Supreme Court	4
Trade and Commerce	2
	<hr/> 40 <hr/>

The officers of the Commission have frequently remarked on the large number of reference books purchased, e.g. Year Books, Gazetteers, City Directories, Revised Statutes; and there seems to be no reason why a central reference library could not be established to contain such works as are not consulted frequently. For example, there are many sets of the Revised Statutes in the various departments, but it is quite safe to state that in comparatively few cases are they used so frequently that it would be a loss in efficiency if they were not within easy reach.

The saving in staff, were a central reference library established, would be considerable, certainly not less than 15 per cent, and the saving by restriction of indiscriminate purchasing of books would also be material.

It would be necessary, of course, to make certain exceptions from this centralization, e.g. the Supreme Court Library and such technical libraries as that of the Department of National Defence.

APPENDIX No. 3

Extracts from a report of a committee to investigate the Civil Service, of which Mr. George Casey, M.P., was chairman, April, 1877

"The practice of making appointments by political patronage was considered by most of the witnesses to be bad both in principle and results. . . . This system has been found to lead to great practical evils. . . . Mr. Sanford Fleming, Chief Engineer of the Canadian Pacific, and formerly of the Intercolonial Railway, states that serious loss to the public has resulted from the blunders of incompetent men thrust upon the Service and employed on important works. . . ."

"In the Inside Service a system of promotion is practised, but with frequent suspensions and violations arising from political causes."

"Political patronage is responsible for other evils, and we do not hesitate to express the conviction that many unnecessary civil offices have been retained, and that new places have been created, for no better purpose than to provide for the followers of influential politicians."

"Generally speaking, political influence has been found to interfere more or less in the working of all branches of the service, and always with bad effect. . . ."

The Committee offered a number of recommendations, part of some of which are:—

"Recommendations for appointments should be in the hands of a Commission composed of gentlemen of highest qualifications outside the service."

"The selection of employees should consist of two processes: selection for trial and probation; and no appointment should be confirmed unless both of these ideals have been satisfactorily passed by the candidate. . . ."

"Some means of choosing the number actually required from amongst those who have thus proved their fitness for such employment will be necessary. This must be done by personal selection by the Commissioners, or by competition. . . ."

"Promotion should proceed *prima facie* on the ground of seniority, unless a junior be reported as better qualified for the position, with full reasons for such report. . . . This rule should apply both to the Inside and Outside Service."

In each of the three years following the report of this Committee (1878, 1879 and 1880), Mr. Casey introduced a bill to ensure the better qualifications of public servants and the greater efficiency and economy of the public service in accordance with the recommendations of the Select Committee, but the bills were dropped in each case.

Extracts from the first report of a Commission to investigate the Civil Service, of which Mr. Donald McInnes, of Hamilton, was chairman, and Mr.

Martin J. Griffin, Secretary, March 5, 1881

Appointment to Office

"The present mode of nomination by political influence and appointment, without examination as to qualification, which prevails so very generally in the service, seems to us, and is frankly confessed by the majority of the witnesses we have examined to be defective in the highest degree. It affords no sufficient guarantee of fitness for the discharge of the duties of office. It embarrasses Ministers in providing an efficient public service, and it causes great and often irresistible pressure to be brought on Members of Parliament to force their consent to the nomination and appointment of unfit persons. It has, we think, a mischievous effect on the public mind in making the desire for offices too strong an impulse in political conduct; for while the higher offices of state are the laudable and legitimate objects of the ambition of statesmen, the scramble for a paltry patronage and for the smaller offices of the service, cannot but have a bad effect alike on those who exercise and those who enjoy such patronage."

"The service is susceptible of very great improvement and there have been many appointments to it of persons whose habits, lack of educational acquirements, or inaptitude for business could not fail to produce a state of affairs fully justifying most of the propositions stated in the reference to the Commission. But, apart from any specific statements made in the evidence, we find in its general tenor and in what we have ourselves observed, abundant reasons for the conclusions that the service requires reform and that it has not been sufficiently guarded against the evil effects of political patronage."

"Political patronage is responsible for other evils and we do not hesitate to express the conviction that many unnecessary civil offices have been retained, and that new places have been created, for no better purpose than to provide for the followers of influential politicians."

"Having stated what we believe to be the faults in the existing system of making first appointments to the Service and their cause, it becomes our duty to submit a remedy. This, we believe, can only be found in completely eliminating all traces of political patronage. This remedy involves the necessity of substituting some other mode of regulating entrances to the service."

The report reviews the methods in which the Service of the Imperial Government is administered, declaring that the guiding principle is *Open Competitive Examination, and Promotion by Merit*.

"This, we believe, can only be satisfactorily accomplished by the constitution of a Board of Civil Service Commissioners as free from political influence as the Judiciary happily is. To the action of this Board we propose to refer all those questions which have heretofore hampered and impaired the administration of the Civil Service."

Promotions

The report lays great stress upon the fact that the system of promotions has been quite unsatisfactory; some promotions having been made for seniority regardless of merit, thus filling the most highly paid places with men whose chief qualifications are length of service. "In other cases promotions were made regardless of either merit or seniority and in this way men fully qualified and fairly entitled to promotion have been passed over, and others less qualified have, by means of undue influence, obtained promotion in their stead." The report strongly urges an improvement in the matter of promotions.

Reorganization and Reduction of Staffs

"We have felt that it would be both arbitrary and unjust to dismiss from the Service in a summary manner men who, however unfit, have been in it many

years, and who have been brought into a service for which they have little aptitude, by a faulty system for which they are not responsible, and under which there is an implied contract between the Government and its employees, that they should not be dismissed except for gross misconduct. To dismiss those men now for causes other than those implied by the practice which prevailed at the time they were appointed would be unjust, and would have the effect of reducing them to penury. We believe, therefore, that the needed reforms in this direction can only be accomplished gradually and by the operation of the regulations we have suggested."

Extracts from the report of a Commission empowered to investigate the Civil Service of Canada, of which Mr. George Hague, of the City of Montreal, was Chairman, April 21, 1892

In the year 1882 a Civil Service Act was passed providing that there should be preliminary and qualifying examinations, and giving to the Government power to appoint any of the candidates qualifying under those examinations. This Commission constitutes the first enquiry since the passing of that Act. In this regard the Commissioners said:—

"In a few words the difference between the English and Canadian systems is that whilst in England appointments are generally speaking made on the ground of merit alone, as shown by success in open competition in examinations, in Canada appointments are the results not of the examinations, but of nominations after examinations have been had."

"This system of examination for promotion has therefore been to a large extent ineffective and along with political pressure has led to the departments being generally overmanned in the higher offices. In fact promotions have taken place as a rule for other causes than the necessities of the service."

Overmanning and Duplication

"The continued employment of a large number of persons who have in the first instance been permitted to enter departments on probation without any particular vacancy requiring to be filled, and even in certain cases without examination, is a noticeable feature in the service. In order to keep this large body of employees engaged there has grown up a cumbrous and unnecessary duplication of work. There has been, the Commissioners fear, a tendency to make promotions for the benefit of officers who had reached the maximum salaries of their class, whether vacancies in the class existed or not, and for that purpose to create unnecessary higher class clerkships."

"The duties to be assigned to the Civil Service Commission are, generally speaking, twofold. In the first place it will be its duty to test the fitness for office of candidates for appointment or promotion to any office or position in the Civil Service. It will have no patronage to exercise, and will be free from even a suspicion of acting from interested motives."

"Your Commissioners are of opinion that the Board should at the outset occupy itself by a close inspection of all the departments of the inside service. This inspection should have in view,—

- "1. The proper distribution of labour so as to avoid elementary work being done by high salaried clerks;
- "2. The employment of no more than the required number of officers to accomplish the work to be done, and the gradual elimination of incompetent or unnecessary clerks.

"Your Commissioners propose to leave to the Civil Service Commission the duty of enquiring into, and reporting on, the proper organization of each department, as it is manifestly impossible, in the short time at their disposal

with the growing wants of the service and the varied character of the duties performed, for them to arrive at just conclusions on the subject. In this view they are borne out by the fact that one of the results of the Commission of 1881 was the adoption of a special theoretical organization for each department, which, with one exception, has been largely departed from."

After referring to the duplication of work and the multiplication of offices, the report states: "To such enquiries as these the Civil Service Commission, if constituted with sufficient powers, could from time to time address itself, reporting the result of their investigations to the Governor in Council, for his consideration, and such action as he might see fit to take."

"With regard to this fundamental matter it is observed that the system has worked admirably in the mother country where it has long been in operation. It has also worked well in the United States as far as it has been adopted, and has also proved efficacious in correcting many long-standing abuses, and supplying the country with a class of intelligent and industrious officers to the great advantage of the service both in the way of efficiency and economy. The system is too well established to need any detailed advocacy from your Commissioners, and they recommend its adoption in the conviction that the same beneficial results will follow in Canada."

In regard to public purchasing, the report states that the Commissioners were unanimously in favour of accepting as a rule the lowest tender, other things being equal. The report further states:—

"A still further subject your Commissioners deem worthy of note, before treating of the expenditures themselves, is that relating to the purchase of supplies, and the prices paid for articles purchased by the several departments. In his evidence before the Commission, the Auditor General stated most distinctly that when goods were purchased without tender, such as furniture and other supplies for the public buildings, as a rule, retail prices were paid for the same, when wholesale prices should have prevailed."

The Commissioners discovered variations in the prices paid by various departments for the same kind of articles, and suggested a Director General of Stores for the whole service and referred particularly to evidence given by Mr. Schreiber respecting the purchase and distribution of coal and other stores for the Intercolonial Railway.

"If the recommendations of your Commissioners be accepted and strictly adhered to, the public service at Ottawa will, they are convinced, in the course of a few years, be better for the change. Intelligence and capacity will meet with their due reward, politics and favouritism will cease to dominate, the service will soon become attractive to many persons who now seek other avenues of employment, and in general the title of public servant will be an honour to be coveted. The doors to appointments and promotions in the service will only open to capacity and honesty, and no man or woman who aspires, as all have a right to aspire, to any such position, will have occasion to seek or use any influence less honourable than his or her own merit and fitness for office."

Extracts from a Report of a Commission composed of Messrs. J. M. Courtney (Chairman), Thomas Fyshe and P. J. Bazin, March 17, 1908

Appointments

"To begin with, the principles laid down in the Civil Service Act are that in the minor positions the preliminary and qualifying examinations shall be passed for entrance into the public service, but several appointments and many promotions are exempted from the provisions of the Act."

Notwithstanding the simple operation required to enter the service and the fact that so much of the service was exempted from the Act both at Ottawa and in the outside service further sweeping exemptions were made in the estimates passed by Parliament. The report states:—

“In the appropriations granted by Parliament for the year ending March 31, 1906, during the last session of Parliament, over fifty votes were passed with the saving clause ‘Notwithstanding anything to the contrary in the Civil Service Act,’ and as it is known to the Commissioners that many of the votes not having that clause attached to them now have had it in previous years, it is the belief of the Commissioners that hardly a vote to pay the several classes of the public service has been passed, during one session or another by Parliament, without adding the limitation already noted.”

“In addition to the examinations the Commissioners consider that it would be desirable that such commission should have power to inspect from time to time, say not seldomer than once a year, every department of the government service; such inspection to cover the whole management of each department, these inspection reports to be promptly considered by the Commissioners and such action taken thereon by them as they may deem necessary for the maintenance or improvement of the efficiency of the service both outside and inside.”

“In the matter of promotions the same patronage fear is apparent. Your Commissioners found in their rounds that a collector of customs, a city postmaster, a post office inspector and others were appointed politically. The recent appointment of a postmaster at Kingston was on the recommendation of the Patronage Committee; the last appointment to the postmastership at Montreal, the most important in the Dominion, was given to an aged Member of Parliament, 67 years old.

“Your Commissioners have been told and believe that promotions have been made as a matter of politics, not in every case, but in many cases, and that people have been brought in from the outside over the heads of men who have given their lifetime to the departments, to fill the few positions of any superiority in the public service. For these and other reasons your Commissioners are of opinion that the general features of the Civil Service Act cannot be regarded as satisfactory.

“In making these remarks the Commissioners do not wish it to be considered that any blame is to be attached in particular to either of the political parties who in turn have administered the government. It is the political element in the Act which, from time to time, has become more aggressive, and which has steadily tended to deteriorate the public service. It would seem to the Commissioners that the great prosperity of the country during the last fifteen years has been such that able men, who were formerly attracted to the service of the state have now ceased to look to the rewards of that service and have turned their attention to other avocations in which they see prospects of higher emoluments, with the result that inefficient and inferior men, unable to obtain better positions in the outside world, through political operations and other means, have been brought into the service; whatever the cause the tendency is more and more to lower the standard of the Civil Service with the consequent detriment to the business of the state.”

*Extracts from a Report of a Commission to investigate the Civil Service,
composed of C. N. Ducharme, and R. S. Lake, November 9, 1912*

This is the first inquiry into the management of the public service since the passing of the Civil Service Act, 1908, which placed a portion of the Outside Service at Ottawa under the Merit System. The report is not as comprehensive

in its scope as other previous reports have been. Some of its considerations and recommendations are as follows:—

"There has been an absence of one central authority taking cognizance of the various departments of the public service and endeavouring to harmonize and co-ordinate them into one organized administrative body. Owing to the great development of the country exigencies have arisen from time to time and services have been created to meet these exigencies; but no organized effort has been made to co-ordinate these services and to assign to each its proper status and duties in the general machinery of the administration."

"Nor can the responsibility for this state of affairs be specially laid at the door of any Minister or set of Ministers. It must be attributed to the fact that hitherto there has been no central authority charged with the duty of assimilating, in so far as might be possible, the status and conditions of service of the outside officials of the various departments of the Government. Careful supervision and inspection is carried out by the various head offices in Ottawa over their own officials in all parts of the Dominion, but each is striving to meet its own problems and difficulties in its own way."

"That entrance to and promotions in the service should not be a matter of political patronage, but that the whole Outside Service should be placed under the Civil Service Commission; that promotions therein should be by merit, and that the higher positions should be filled from the service itself."

"That examinations for promotion be solely in regard to a man's fitness for the duties of the office."

Promotions

"Your Commissioners consider that in many cases promotions have been forced on the several departments owing to political influence; that the officials promoted do the same work as they performed in the lower grade, and, as has been mentioned before, promotions have taken place as a rule for other causes than the necessities of the service. In the recommendations which will follow at the conclusion of this report your Commissioners will indicate what they consider necessary under this head."

As the result of the report of this Committee, the Government of the day introduced an important amending bill (1907-8). The bill dealt mainly with the Inside Service, and was notable for the greatest step so far taken by any government in Canada for efficient administration of the rapidly increasing number of civil servants. An independent commission was inaugurated or in other words, the Merit System. The Commissioners were made responsible only to the Senate and House of Commons.

Extracts from a Report of Sir Geo. G. Merrett, November 30, 1912, on the Public Service of Canada

"On the other hand, I must say that cases have come under my notice which lead me to think that in some instances the recommendations of both the heads and the deputy heads of departments have not been founded exclusively on 'merit' as the Act directs, but that other considerations, or perhaps I should say 'merits' other than those contemplated by the Act, have been allowed to carry weight, and that grave injustice has sometimes been done to deserving officers who have in consequence been passed over. I should hope, however, that promotions of this kind are becoming fewer, as a sense of the responsibility for the selection of the fittest candidate becomes more real. Not only does the public service suffer if the fittest man is not promoted, but grave injustice is inflicted on the individual who is passed over merely because he is unable to bring political or other influence to bear in his favour."

"What seems to be urgently required is the appointment of a committee of deputy heads or other high officials to examine in detail the work of every Department in the service, and report what number of clerks of each grade is required to carry out the work. This may appear at first sight a task of inconvenient magnitude; but I think that when once the members of the committee had established certain principles for their own guidance (such as, for example, the definition of routine work), they would find the application of these principles to the business of the several Departments a comparatively easy matter."

"When this task has been completed some one department should be charged with the duty of seeing that the classification laid down was adhered to. Every proposal for an increase in the number of any class should be carefully scrutinized; and the department proposing it should be called on to explain the necessity for the new post, the nature of the duties to be attached to it, and any other matters which may seem to call for inquiry. In this way the classification of all the departments will be kept within proper limits and uniform principles of organization will be applied."

With reference to the 1908 Civil Service Act.

"In one other respect the classification prescribed by the Act might, I think, be amended with advantage. It appears to me to be too rigid and wanting in flexibility."

"The intention seems to have been to frame a uniform classification for all departments. Considering the great variations in the work of the departments, I doubt if this is either possible or even desirable. Even if the clerical services could be treated in this fashion, there is a large number of professional and technical appointments the classification of which cannot be cast in the same mould."

"As regards the duplication of the same or similar work in two or more departments, I regret that the limited time at my disposal has prevented my making as complete an examination of the work of the several departments as I could have wished. In any case, however, I should scarcely be competent to make any definite recommendations of a detailed kind. But I have noticed some branches of business the organization of which seems susceptible of improvement in this respect."

"(I) *The Statistical Information Compiled or Published by the Government Departments.*—This is a matter in which co-ordination and control are especially necessary but a very competent Commission has been appointed, under the chairmanship of Mr. Grigg, to inquire into it, and their labours have not yet been brought to a conclusion. I therefore refrain from making any suggestions on the subject. But I may perhaps be allowed to express the opinion that while the form and matter of the statistical information to be issued to the public may properly be prescribed by some central authority or department, the actual compilation of the statistics should rest with the department dealing with the subject to which they relate."

"(II) *Public Health.*—This is a subject which is at present dealt with by several departments. Having regard to the rapid growth of population and the very important interests involved, it is, I think, desirable that a strong central department should be established with power to deal with all questions relating to public health."

"(III) *Surveying and Map-making.*—Several departments appear to be engaged in this work, and I have no doubt that advantage would result if it were more concentrated; but the subject is one which requires much detailed investigation before a scheme could be drawn up. I suggest that a departmental commission should be appointed to inquire into the matter."

"(IV) *Steamship Subsidies.*—These are dealt with by both the Post Office Department and the Department of Trade and Commerce. I think that they should all be controlled by one department. Under present conditions it is

quite possible for a steamship company to be in receipt of a subvention from both departments without either of them being aware of the payments made by, or the services rendered to, the other."

The Distribution of the Work between the several Departments or Authorities

"This is another subject which requires more careful examination than I have been able to give to it, and I feel some diffidence in offering any remarks upon it."

"The branches of administration which come within the purview of the Dominion Government are so numerous and so varied in their nature that it is clearly necessary to adopt some system of grouping; and it is certainly desirable not only that the branches to be dealt with by each Minister should be as nearly cognate as possible, but that all work of the same character should be concentrated into one department. In the system under which the present distribution has been arranged it is not easy to recognize any underlying principle."

"For example, the Department of Agriculture, besides the work which one would naturally expect to find allotted to it, deals with patents, copyright, trade-marks, exhibitions, public health and quarantine. The Department of Inland Revenue, the main function of which is collecting the duties of excise, deals also with the inspection of weights and measures, the inspection of gas and electric light, patent medicines, and the adulteration of food and fertilizers. The Department of Public Works maintains harbours, piers and navigation works generally; but the maintenance of the St. Lawrence Ship Channel, a work not very different in character from the other navigation works, is under the control of the Department of Marine and Fisheries. I have already referred to the fact that two departments, namely, the Post Office and the Department of Trade and Commerce, deal with steamship subsidies, while the latter department is also charged with duties relating to the inspection of grain which, at first sight, seem more appropriate to the Department of Agriculture."

"I am not in a position to make any definite suggestions as to the redistribution of these duties; but I think that the whole subject should receive early consideration by the Government."

"In this connection, however, I may perhaps be allowed to make a suggestion with regard to the Departments of Customs and Inland Revenue. Both of them are engaged in work of much the same character and each maintains a staff at various points in the Dominion. The suggestion which I have to make is that these two departments and their staffs should be amalgamated. I feel sure that the convenience of the public would be consulted by such a change, and that considerable economies could be effected not only in the higher positions but also among the rank and file. Collectors of Customs, with a number of subordinate officials, are stationed at almost all places at which there are Inland Revenue Collectors; and at many of these places, judging from the amount of revenue collected, the duties must be scarcely sufficient to occupy the whole time of the officials. In suggesting this amalgamation I confine myself, so far as the Department of Inland Revenue is concerned, to that portion of its functions which relates to the collection of the excise. Its other duties seem to be more appropriate to the Department of Trade and Commerce."

Extracts from a Report made by Commissioners E. F. Slack, A. L. Lewis, and Eugene Tarte, Appointed to Investigate the Administration of the Department of Public Printing and Stationery, 1918

"*General Conditions in the Printing Bureau.*—The conditions found to exist in the Printing Bureau, viewed from the standpoint of commercial efficiency, may be briefly described as shocking. They are, however, the perfectly natural sequence of the 'system' which created them. Under any but govern-

ment ownership the sheriff would long ago have closed the doors of the plant. Given its housing accommodation rent free, without taxes or insurance, not expected to provide even depreciation on its plant, let alone an interest return upon its cost, with heat, light, and power supplied free of charge, with the wages of certain of its employees paid by vote of Parliament, the Bureau has not been able to pay its own way, despite the fact that we have found many instances in which the charges made departments of the Government for work performed for them exceeded those which would have given an outside printer a fair profit."

"Officials' Hands Tied.—It is pertinent here to point out that the committee is strongly of the opinion that neither the King's Printer nor the Superintendent of Printing can be held responsible for this unfortunate situation. Their hands have been tied by the fact that the usual methods available in commercial institutions of securing efficiency have not been open to them. Given a fair chance, your committee is of the opinion that both officials could have demonstrated their ability."

"Discipline.—Largely the difficulty at the Bureau can be explained by the statement that the employees have been engaged through political influence or patronage, and that owing to this it has been impossible to have developed or maintained efficiency or to have dismissed inefficient or unqualified help when in the judgment of the management this should have been done. With the idea on the part of the individual that his money has been sure without any consideration of the return he had had to give for it and that it was sure for all time, the incentive for effort has been entirely removed. The management have been powerless to correct the difficulty owing to the influence brought to bear at various times on behalf of some of the employees. This, coupled with the fact that the Bureau has always had annually, figuratively speaking, a ship coming in loaded with specie to provide new plant, a free building, and to make up any losses on their year's operations, explains the situation."

*Extract from a Report of a Parliamentary Committee, of which the
Honourable E. K. Spinney was Chairman, May 26, 1921*

"That the adoption of the principle of elimination of political patronage throughout the Civil Service was sound and should be retained."

*A Summary of the recommendations in the final Report of a Parliamentary
Committee of which James Malcolm was Chairman, June 22, 1923*

Part 1 of the report deals with an enumeration of sixteen suggested amendments to the Act, purporting to "correct certain shortcomings and broaden the scope of the Act." Some of the more important recommendations offered in Part 2 of the report follow: (1) a superannuation scheme; (2) the establishment of personnel boards to be made up of an equal representation of the Civil Service Commission, the department and the employees; (3) that salary revision be instituted following reorganization and reclassification, and that in the meantime the bonus be continued; (4) that reorganization of departments be undertaken without delay by the Civil Service Commission; (5) that the returned soldier preference be continued; (6) that members of advisory boards shall be sworn to the faithful performance of their duty; (7) that some form of co-ordinative authority be instituted and the business manager plan in municipal governments was cited; (8) that in case of lack of unanimity in the recommendations of the Commission for further exemptions to the Act, that the objecting Commissioner shall carefully set out his objections to such exemption in a record to be submitted to the Governor in Council.

APPENDIX No. 4

References to and Extracts from

- (a) Report of the Director of the Bureau of the Budget of the United States (July 1, 1922).
- (b) Second Annual Report of the Director of the Bureau of the Budget of the United States (July 1, 1923).
- (c) Report of the Royal Commission on the Civil Service of Canada (1908).
- (d) Report on the Organization of the Public Service of Canada by Sir George Murray (1912).
- (e) Report of the Machinery of Government Committee and of the Ministry of Reconstruction (Great Britain, 1918).

(a) THE BUREAU OF THE BUDGET (U.S.A.)

In June, 1921, a Bureau of the Budget, the Director of which was responsible to the President, was appointed to provide an administrative agency to enable the President to "gain a direct and impartial view of the business operations of the Government as a whole, and through which he might exercise executive pressure and impose business policies as the active head of the governmental business administration."

Under the Director, a series of co-ordinating boards, or more properly inter-departmental committees, was set up; over each was placed a co-ordinator as agent of the President subordinate to the Chief Co-ordinator, who, under the general direction of the Director of the Bureau of the Budget, represented the President in the application of uniform business principles and methods to the expenditure of public funds. While the Bureau was in process of organization and until a staff of trained investigators could be collected, the services of several distinguished business men were utilized on an honorary basis.

As funds for 1922 had already been voted, the Bureau's first task was to safeguard this appropriation and to prevent as much expenditure as possible. The results for the year ending June 30, 1922, are indicated in the following quotation from the Director's Report:—

"It will be noted from the table covering gross expenditures and estimates that the Director of the Budget, out of total estimated expenditures of \$3,922,372,030 for 1922, classifies only \$1,765,875,672 as being generally subject to Executive control in the operation of the routine business of Government. These figures compare with actual expenditures under the same categories in 1921 of \$2,673,435,079.77, segregated out of a total annual expenditure for 1921 of \$5,538,040,689.30.

"The reduction in the ordinary expenditures for the operation of the routine business of Government generally subject to Executive control in 1922 as compared with 1921 will be, therefore, in the neighbourhood of \$907,500,000. As against this enormous total reduction the estimate of economies and savings incident to the new imposition of Executive control over governmental expenditures in 1922 is estimated by the Director of the Budget in this report at the lesser sum of \$250,134,835.03.

"He feels reasonably assured that this estimate of economies and savings attributable to the new system is an underestimate, but that if an error has been made in this regard the savings and economies are still so large as to vindicate it, and will at the same time emphasize the indispensable policy of the Budget Bureau to have its estimates conformable to the principles of business conservatism."

(b) For the fiscal year 1923, an alternative budget in which the estimates of appropriations were arranged by departments and establishments was prepared for the President by the Bureau, as the form in which the Budget was submitted to Congress was not considered the most suitable.

An extract from the Director's report of July, 1923, given below, shows the progress made by the Bureau during its second year of office:—

"At the beginning of the fiscal year 1923 the probable excess of expenditures over receipts to be shown at the end of the fiscal year was \$823,000,000, which included an estimate of \$125,000,000 of discount accruals for war savings securities, 1918. This apparent deficit was based on estimates submitted by the various departments and establishments of their programmes of cash withdrawals from the Treasury and the expected receipts. The figures for receipts and expenditures for 1923 were carefully revised in November, after several months of actual operations within the fiscal year, with the result that the estimated deficit stood at \$273,000,000 when the 1924 Budget was transmitted to Congress on December 4, 1922. An intensive campaign was then started for the elimination of this deficiency before the closing of the fiscal year. The detailed figures of expenditures were carefully studied, especial attention being devoted to the items of largest amount. The various investigators were furnished with memoranda in which the items requiring especial attention were pointed out and were directed to take the matter up with each administrative office, with a view to reduction of these particular items.

"Where the expenditures under consideration were included as part of the programme of the ordinary routine business of the operating departments of the Government it was not reasonable to expect very heavy reductions in any individual case. However, slight reductions within the power of the administrative offices could be made in many cases by slightly modifying the operating programme, and this was done in numerous cases. On the other hand, some of the estimates under consideration were less definite in their nature, relating to operations in capital and special accounts, and when the matter of reducing expenditures to the lowest practicable limit in view of the expected deficiency was fully investigated it was found that very considerable modifications of the estimates could be safely made, both in reduction of contemplated expenditures and in the increase of expected receipts.

"The policy indicated above, together with the fact that the governmental income from customs and internal-revenue sources considerably exceeded the estimates made prior to the beginning of the year, resulted in a substantial reduction of the estimated deficiency by the middle of the fiscal year, and by January 15, 1923, it was possible to reduce the estimate of the deficit to approximately \$92,000,000. Shortly thereafter the Government was confronted with the necessity of making hitherto unforeseen expenditures in the shape of advances to the Federal intermediate credit banks of \$60,000,000 and for the cancellation and retirement of United States bonds through the probable payment of interest by the British Government in the form of bonds, so that the deficiency in February of this year seemed likely to grow to approximately \$180,000,000. It developed, however, that the advances to the Federal intermediate credit banks would not be made this year as contemplated, that operations under the Railroad Administration and the transportation act of 1920 would not call for the expenditures previously estimated, and that the governmental income from customs and internal revenue would be much greater than could reasonably have been anticipated. In May the Director of the Bureau of the Budget very conservatively estimated that instead of a deficiency there would be a surplus of about \$60,000,000. Subsequent information indicated that the surplus would be considerably larger. The actual surplus at the close of the fiscal year was \$309,657,460.30.

"This fortunate transition from an apparent deficit to a large surplus, while greatly aided by an unexpected increase in receipts, was due in no small measure to the efforts of the individual departments and establishments and to the fine spirit of co-operation by them in carrying out the economy policies of the President."

(c) The idea of an independent body, empowered to study estimates of governmental expenditure and to check extravagance is by no means new.

The Report of the Royal Commission on the Civil Service (1908) contains this recommendation:—

"Your Commissioners . . . respectfully submit for consideration that, as in Great Britain, the estimates should be prefaced by a memorandum from the Finance Department showing the several increases and decreases in greater detail and with general explanations. Your Commissioners would suggest, though it is not the case either here or in Great Britain, that from the House of Commons a small committee be created to be called the "Estimates Committee" to whom the estimates might be referred for examination before being passed upon by the House, and that such committee should have power to call for persons and papers if considered desirable; the committee to be in the nature of an examining committee to ascertain full particulars of the several votes asked for and any explanations that may be desired. This procedure would in all probability relieve the House from the delays now occurring in committee of supply and would tend to shorten the sessions."

(d) Sir George Murray in his report on the Organization of the Public Service of Canada, 1912, made the following suggestion:—

"I suggest that the Department of Finance should be definitely charged with this duty. Every item of new or increased expenditures should be closely scrutinized; and the Department proposing it should be called on to state in sufficient detail the ground on which the expenditure is required; the reasons which prevent its being deferred to a later date; and the consequential expenditure which will be rendered necessary in future years if the proposal is sanctioned.

"Proposals for increased expenditure are probably being framed in the Departments throughout the year; and it is not easy to see why they should not be submitted for the approval of the Finance Department, as and when they are matured. This would relieve the pressure in the period immediately before the estimates are presented to Parliament, and would enable many of the proposals to be considered with due deliberation. Any sanction given in the course of the year would, of course, be provisional and subject to any modifications which might hereafter be found necessary when the final estimates for the ensuing year were under consideration.

"When the process of examination was completed the proposals for expenditure would be reviewed by the Minister of Finance; and those which were accepted by him need not be considered again; those to which he raised objections not accepted by his colleagues would be referred to the Cabinet for discussion by the whole body of Ministers. The Cabinet would thus be relieved of an immense amount of discussion on the details of the estimates which is necessary under the present system, and would have to deal only with those points on which there was an irreconcilable difference of opinion between the Minister of Finance and one of his colleagues."

(e) The 1918 report of the Machinery of Government Committee of the British Ministry of Reconstruction (Viscount Haldane of Cloan, O.M.K.T., Chairman) endorses certain recommendations of the Select Committee on National Expenditure in the following terms:—

"We cannot conclude this part of our Report without a reference to the bearing of our enquiry upon the problem of Parliamentary Control. Our terms of reference direct us to frame our recommendations with the primary object of promoting the efficient and economical working of the public service. But we have throughout our deliberations borne in mind the fact that any action directed to this end would fail to achieve its purpose if it were to have the effect of disturbing the balance of authority between the Legislature and the Executive.

"It would, we think, be generally felt that any improvement in the organization of the Departments of State which was so marked as substantially to increase their efficiency should have as its correlative an increase in the power of the Legislature as the check upon the acts and proposals of the Executive.

"We need scarcely say that we adhere without reserve to this view. But our duty is limited to the consideration of the present defects of departmental organization and the suggestion of appropriate remedies. It is for Parliament to see that its own supremacy is not impaired, and we have not felt that we could properly do more than draw attention to the importance which attached to certain recommendations recently made by a Parliamentary body, the Select Committee on National Expenditure, with the object of securing more effective control by Parliament over public expenditure, and to a further question arising out of these recommendations.

"In their Seventh Report (Session 1918), on the Form of Public Accounts, the Select Committee express the view that Estimates and Accounts prepared on the present basis are of little value for purposes of control either by Departments, the Treasury, or Parliament; and recommend a detailed scheme of revision with a view to facilitating control by making the Estimates and Accounts more significant of the nature of the expenditure proposed or recorded in them, and of the value of the returns obtained for that expenditure.

"In their Ninth Report (Session 1918), on the Procedure of the House, the Select Committee recommend the appointment of two, or if necessary three, Standing Committees on Estimates, who, with the assistance of a new officer of the House, to be called the Examiner of Estimates, should consider the Estimates and report to the House any economies which they regard as desirable. In the opinion of the Select Committee 'it should not be within the competence of the Committee to make any recommendations inconsistent with the policy implied in the Estimates.'

"We should hesitate to enter further upon the questions or procedure which Parliament alone can examine or determine with authority, were it not that it has been definitely suggested to us that the efficiency of the public service would be improved if steps were taken to secure the continuous and well-informed interest of a Parliamentary body in the execution by each Department of the policy which Parliament has laid down.

"It has been suggested that the appointment of a series of Standing Committees, each charged with the consideration of the activities of the Departments which cover the main divisions of the business of Government, would be conducive to this end. Any such Committees would require to be furnished with full information as to the course of administration pursued by the Departments with which they were concerned; and for this purpose it would be requisite that Ministers, as well as the officers of Departments, should appear before them to explain and defend the acts for which they are responsible.

"It is not for us to attempt to forecast the precise procedure under which interrogations and requests for papers emanating from such Committee should be dealt with. But the particular argument in favour of some such system to which we feel justified in drawing attention is that if Parliament were furnished, through such Committees of its Members, with fuller knowledge of the work of Departments, and of the objects which Ministers had in view, the officers of Departments would be encouraged to lay more stress upon constructive work in administering the services entrusted to them for the benefit of the community than upon anticipating criticism which may, in present conditions, often be based upon imperfect knowledge of the facts or the principles at issue."





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